

NEVADA BOARD TO REVIEW CLAIMS

MEETING OF SEPTEMBER 10, 2015

Video conferenced from Carson City and Las Vegas, Nevada

ITEM:

7.B

SUBJECT:

Policy Resolution No. 2015-02 - Provides Process for Proof of Payment.

DISCUSSION:

Petroleum Fund regulation NAC 590.780.4(b) requires that if money from the Fund is paid to an operator before the operator pays a vendor or contractor, or both, the operator shall, not more than 30 days after receiving the money from the Fund, provide NDEP with confirmation of payment to the vendor or contractor, or both. NAC 590.780.5 states that if an operator fails to pay a vendor or contractor for costs approved and paid by the Board within 30 days, the operator shall reimburse the Board for the money paid by the Board.

The NDEP process for requesting a refund of the Board's payment to an operator, which subsequently involves the Controller's process, is timely and when the administrative work is complete, the operator is likely to have provided the required Proof of Payment demonstrating he/she made payment to the vendors/contractors within 30 days after receiving payment from the Fund.

To provide an incentive for an owner/operator to comply with NAC 890.780.4(b) and reduce needless administrative time and resources, an operator who fails to provide proof of payment within 30 days of Fund payment will not be approved for payment subsequent claims at future Board meetings until the Proof of Payment is received demonstrating payments were made within the required 30 days.

RECOMMENDATION:

Adoption of Policy Resolution No. 2015-02 as proposed.

Policy Resolution No. 2015-02

NEVADA BOARD TO REVIEW CLAIMS
RESOLUTION No. 2015-02

Resolution to Provide the Proof of Payment Process

Whereas, the Nevada Board to Review Claims (hereinafter referred to as the Board) Finds:

1. NAC 590.780.4(b) states that if money from the Fund is paid to an operator before the operator pays a vendor or contractor, or both, the operator shall, not more than 30 after receiving the money from the Fund, provide NDEP with confirmation of payment (Proof of Payment) to the vendor or contractor, or both, of the money paid by the Board (See Attachment A).
2. NAC 590.780.5 states that if an operator fails to pay a vendor or contractor for costs approved and paid by the Board within 30 days, the operator shall reimburse the Board for the money paid by the Board.
3. The intent of NAC 590.780.4(b) and NAC 590.780.5 is to ensure contractors/vendors are paid in a timely manner.
4. If an operator fails to provide Proof of Payment within 30 days after receiving payment from the Fund, subsequent claims submitted to NDEP for payment will not be approved for payment until the second Board meeting following Proof of Payment receipt.
5. Pursuant to NAC 590.780.5, if documentation cannot be provided to NDEP indicating that ALL contractors/vendors who submitted an invoice to the owner/operator were paid within 30 days of Fund payment, the owner must reimburse that money to the Fund.

THEREFORE BE IT RESOLVED THAT:

1. If an operator fails to provide Proof of Payment within 30 days after receiving payment from the Fund, the following shall occur:
 - a. All subsequent claims submitted to NDEP for payment will not be approved for payment by the Board until the second Board meeting following Proof of Payment receipt.
 - b. Owner and facility will remain on a NAC 590.780.4(b) noncompliance list which will be presented to the Board at each Board meeting until the second Board meeting following Proof of Payment receipt.
2. Pursuant to NAC 590.780.5, if an owner/operator fails to pay a vendor or contractor for costs approved and paid by the Board within 30 days, the owner/operator must reimburse that money to the Fund.

I, John Haycock, Chairman, do hereby certify that the foregoing is a full, true, and correct copy of a Resolution adopted by the Nevada Board to Review Claims on September 11, 2015.

John Haycock, Chairman
Nevada Board to Review Claims